

## Message Text

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43

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W

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O R 231641Z JAN 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 5904

INFO AMEMBASSY LISBON

C O N F I D E N T I A L BONN 01241

STADIS//////////

EXDIS

E.O. 11652: XGDS-1

TAGS: EFIN, GW, PO

SUBJECT: FRG FINANCIAL ASSISTANCE TO PORTUGAL

REF: STATE 015352

1. ECON/COMM. MINISTER, ACCOMPANIED BY RYAN, CALLED ON HISS THE AFTERNOON OF JAN. 22 AND POSED QUESTIONS CONTAINED IN REFTEL. AT THAT TIME, HISS TOLD US HE WAS NOT FULLY INFORMED ON STATUS OF NEGOTIATIONS AND PROMISED TO BE IN TOUCH WITH US AGAIN JAN. 23.

2. HISS DID TELL US HE HAD NO INFORMATION ON THE SEVERITY OF PORTUGAL'S LIQUIDITY POSITION. EMBASSY WILL SEEK INFORMATION ON THIS ELSEWHERE IN THE GOVERNMENT AND FROM THE BUNDES BANK. RYAN TOOK ADVANTAGE OF THE OCCASION, HOWEVER, TO PRESENT TO HISS OUR VIEWS ON THE PORTUGUESE SITUATION, FOR WHICH HISS WAS MOST GRATEFUL.

3. HISS ALSO TOLD US THAT GERMANS HAD NOT GIVEN ANY THOUGHT TO CONSORTIUM-TYPE ARRANGEMENTS UP TO THIS TIME. HE WAS UNABLE TO GIVE US ANY VIEW AS CONFIDENTIAL

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TO WHETHER GERMANS OR PORTUGUESE WOULD FAVOR SUCH

AN APPROACH.

4. FURTHER, HISS WAS UNAWARE OF BANK FOR INTERNATIONAL SETTLEMENTS LOAN OF \$250 MILLION, WHICH BECOMES DUE IN MAY. HE WAS AWARE OF BIS CONSIDERATION OF FURTHER ASSISTANCE, IN WHICH FRG WOULD NORMALLY PARTICIPATE. WE WILL SEEK MORE INFORMATION ON THIS SUBJECT FROM OTHER SOURCES.

5. HISS CALLED BACK ON JAN. 23 TO SAY THAT MEETING BETWEEN BUNDES BANK AND PORTUGUESE CENTRAL BANK IN FRANKFURT ON JAN. 19 HAD RESULTED IN FINAL AGREEMENT FOR \$250 MILLION LOAN. ACCORDING TO HISS, THE PROCEEDS OF THIS LOAN WOULD BE AVAILABLE TO PORTUGUESE EITHER ON JAN. 30 OR AT THE LATEST ON FEB. 2. THE LOAN IS FOR SIX MONTHS, WITH THREE POSSIBLE SIX MONTH EXTENSIONS FOR A TOTAL OF TWO YEARS.

6. HISS HAD ALREADY TOLD US ON JAN. 22 THAT THE FRG HAD IMPOSED NO CONDITIONS FOR LOAN OTHER THAN GOLD COLLATERAL, I.E., THERE ARE NO CONDITIONS IN THE AREA OF ECONOMIC POLICY.

7. HISS CAUTIONED US THAT NONE OF THIS IS GOING TO BE MADE PUBLIC AT THIS TIME. FONMIN GENSCHER, HE SAID, WOULD BE VISITING PORTUGAL IN MID-FEBRUARY, AT WHICH TIME THEY WANT THE ANNOUNCEMENT TO BE MADE. WE URGE, THEREFORE, THAT THIS CONFIDENCE BE RESPECTED.

HILLENBRAND

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
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**Current Classification:** UNCLASSIFIED  
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